



# Department of Justice

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FOR IMMEDIATE RELEASE  
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**KENTUCKY DAIRY AND ITS PRESIDENT CHARGED WITH CONSPIRING  
TO RIG SCHOOL MILK BIDS IN KENTUCKY AND OHIO**

WASHINGTON, D.C. -- A federal grand jury in Cincinnati returned an indictment today against a Kentucky dairy company and its president for participating in a bid rigging conspiracy to supply milk to public schools in Kentucky and southeastern Ohio, according to the Department of Justice's Antitrust Division.

The four-count indictment charged that Louis Trauth Dairy Inc., David E. Trauth and others, participated in a conspiracy that began in 1977 and continued until June 1989. The grand jury also charged each defendant with three counts of mail fraud.

According to the indictment, Trauth, the dairy company and other co-conspirators conspired to submit collusive, non-competitive and rigged bids on school dairy contracts and to allocate wholesale customers.

The indictment charged that the defendants agreed with their co-conspirators on which dairy would be the low bidder and submitted intentionally high, or complementary, bids on contracts in order to assist the other conspirators in obtaining school dairy contracts.

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The indictment also charged the defendants with mail fraud since the payments for the rigged contracts were sent through the mail in violation of the mail fraud statute.

Acting Assistant Attorney General Joseph H. Widmar said the charges are the result of federal grand jury investigations in Kentucky and Ohio into suspected bid rigging in the dairy products industry. The investigations are being conducted by the Antitrust Division's Cleveland Field Office and are continuing.

Including today's indictment, the Antitrust Division has filed 120 criminal cases against 70 corporations and 77 individuals in the milk and dairy products industry for bid rigging conspiracies. Cases have been brought in Kentucky, Florida, Georgia, North Carolina, South Carolina, Virginia, Illinois, Texas, Mississippi, Tennessee, Indiana, Oklahoma, Alabama, Michigan, New York, Connecticut, Louisiana and Ohio.

To date, 61 corporations and 56 individuals have been convicted and approximately \$54.4 million in fines imposed. Twenty-six individuals have been sentenced to serve an average of approximately 6 months in jail. Civil damages total more than \$8 million. Twenty-one grand juries in 17 states continue to investigate the milk industry.

The maximum penalty for a corporation convicted of a Sherman Act violation occurring prior to November 16, 1990, is a fine not to exceed the greatest of \$1 million, twice the pecuniary gain the corporation derived from the crime, or twice the pecuniary

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loss caused to the victims of the crime.

The maximum penalty for an individual convicted of a Sherman Act violation occurring prior to November 16, 1990, is a term of imprisonment of three years, and a fine not to exceed the greatest of \$250,000, twice the pecuniary gain derived from the crime, or twice the pecuniary loss caused to the victims of the crime.

The maximum penalty for each count for a corporation convicted under the mail fraud statute is a fine that is the greatest of \$500,000, twice the pecuniary gain the corporation derived from the crime, or twice the pecuniary loss caused to the victims of the crime.

The maximum penalty for each count for an individual convicted under the mail fraud statute is a term of imprisonment of five years and a fine not to exceed the greatest of \$250,000, twice the pecuniary gain derived from the crime, or twice the pecuniary loss caused to the victims of the crime.

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